

## Message Text

LIMITED OFFICIAL USE

PAGE 01 ATHENS 00210 101210Z

46

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

USIA-06 PRS-01 /098 W

----- 118111

R 100935Z JAN 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 6893

INFO AMCONSUL THESSALONIKI

AMEMBASSY KUWAIT

USINT BAGHDAD

LIMITED OFFICIAL USE ATHENS 210

EO 11652: NA

TAGS: ENRG GR

SUBJECT: INDUSTRY MINISTER COMMENTS ON GOG POLICY ON  
ENERGY MATTERS

REF: ATHENS 9010

1. AT PRESS CONFERENCE JAN 2, INDUSTRY MINISTER CONSTAN-  
TINE KONOFAGOS EMPHASIZED THE SPECIAL INTEREST OF GOG IN ENERGY  
MATTERS AND OUTLINED GOG POLICY TOWARDS CRUDE PROCUREMENT,  
OIL EXPLORATION AND UTILIZATION OF LOCAL ENERGY RESOURCES.

2. KONOFAGOS SAID THAT GOG WILL SEEK PROCUREMENT OF LARGEST  
PORTION OF CRUDE REQUIREMENTS THRU GOVT-TO-GOVT CON-  
TRACTS WITH ARAB COUNTRIES, SEVERAL OF WHICH HAVE SHOWN  
INTEREST IN SUCH ARRANGEMENT. NEXT FEBRUARY KONOFAGOS,  
INDUSTRY MIN SECY GEN MATHIOUDAKIS AND OTHER OFFICIALS  
WILL VISIT KUWAIT, IRAQ AND POSSIBLY OTHER ARAB COUNTRIES  
TO NEGOTIATE AGREEMENTS. EXISTING OIL SUPPLY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ATHENS 00210 101210Z

AND REFINING CONTRACTS WILL BE REVISED.

3. GOG WILL PROMOTE USE OF LOCAL OIL DEPOSITS, AND PLANS REORGANIZE EXPLORATION EFFORT FROM BOTH ADMINISTRATIVE AND SCIENTIFIC STANDPOINTS. CONTRACT WITH FRENCH PETROLEUM INSTITUTE PROVIDING CONSULTANT ON PERMANENT BASIS BEING ARRANGED. CONTRACT WOULD ALSO ENABLE GOG TO TAKE ADVANTAGE OF INSTITUTE COOPERATION AND SERVICES OF ADDITIONAL EXPERTS, AND TO CARRY OUT ITS OWN EXPLORATION, THEREBY IMPROVING ITS POSITION IN NEGOTIATING FUTURE CONTRACTS.

4. FOR THE FUTURE, GOG IS CONSIDERING EITHER AWARDED PROSPECTING CONTRACTS THRU INTERNATIONAL TENDERS, OR UNDERTAKING DRILLING OPERATIONS ITSELF BY HIRING DRILLING RIGS OR ASSIGNING DRILLING CONTRACTS TO EXPERT FIRMS. SUCH EXPLORATION WOULD BE CONDUCTED IN PROMISING AREAS, SUCH AS (A) ON SHORE AREA NEAR KAVALA ACROSS FROM THASSOS ISLAND, (B) THERMAIKOS GULF, (C) AREA BETWEEN LEFKAS AND CORFU ISLANDS.

5. KONOFAGOS STATED THAT FUTURE OIL PROSPECTING AND EXPLOITATION CONTRACTS WILL FOLLOW "INTERNATIONAL PRACTICE". HE STATED THAT OIL PRODUCING COUNTRIES ARE CURRENTLY ENTITLED TO 85 PERCENT OF LAND-DRILLED OIL AND 81 PERCENT OF OFF SHORE OIL. NON-PRODUCING COUNTRIES ARE ENTITLED TO ABOUT 75 PERCENT ON AVERAGE. THESE GUIDELINES WILL BE FOLLOWED IN REVISING OCEANIC'S CONTRACT, BECAUSE THE 15 PERCENT SHARE ACCORDED TO GOG BY EXISTING CONTRACT IS DISADVANTAGEOUS IN VIEW HIGH CURRENT OIL PRICES. (HE MADE NO MENTION OF 50 PERCENT TAX ON OCEANIC'S PROFITS). OCEANIC EXPLORATION AGREEMENT EXPIRES MARCH 1975, AT WHICH TIME 80 PERCENT OF CONCESSION TO BE RETURNED TO GOG.

KONOFAGOS OBJECTED TO FIRM'S ALLEGED DESIRE TO RETAIN ITS 20PC IN SMALL POCKETS THRUOUT THE ORIGINAL CONCESSION.

HE STATED THAT PRINOS ONE AND PRINOS TWO WELLS ENSURE DAILY PRODUCTION OF 40,000 BARRELS OR 2 MILLION TONS ANNUALLY FOR 12 YEARS, REPRESENTING 27.3 PC GREECE'S REQUIREMENTS (7.5 MILLION TONS IN 1974). GOG EAGER TO START PRODUCTION ASAP. HE COMMENTED THAT OCEANIC HAS AGREED IN PRINCIPLE TO CONTRACT REVISION AND WILL SUBMIT VIEWS BY END JANUARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ATHENS 00210 101210Z

6. OIL POLICY AS OUTLINED ABOVE WILL BE COMBINED WITH EFFORT TO FULLY EXPLOIT GREECE'S MINERAL ENERGY RESOURCE POTENTIAL. NATIONAL INSTITUTE OF GEOLOGICAL AND MINERAL RESEARCH WILL HELP PREPARE PROGRAMS FOR UTILIZATION LIGNITE DEPOSITS, URANIUM EXPLORATION (WITH HELP FROM DEMOCRITUS NUCLEAR RESEARCH CENTER), AND GOLD DEPOSITS. USE OF PEAT DEPOSITS AT PHILIPPI FOR POWER GENERATION (CONTRACT WITH USSR) IS BEING REVIEWED WITH DUE REGARD TO SOCIUAL ASPECTS. REFERRING

PARTICULARLY TO LIGNITE, KONOFAGOS STATED THAT THERE ARE ABUNDANT DEPOSITS IN GREECE; DEVELOPMENT OF DEPOSITS AT SOUTH FIELD, PTOLEMAIS, WILL YIELD 14 MILLION TONS LIGNITE FOR 40 YEARS. EXPLORATION FOR LIGNITE DEPOSITS IN OTHER AREAS WILL BE INTENSIFIED.

7. COMMENT: EMBASSY ENDEAVORED CHECK VARIOUS CONFLICTING REPORTS ON CONTEMPLATED REVISION OF GOG - OCEANIC OIL EXPLORATION AND DEVELOPMENT CONTRACT. OCEANIC'S LOCAL LEGAL REPRESENTATIVE STATED THAT WHILE GOG HAS INFORMED OCEANIC OF ITS DESIRE TO HAVE CERTAIN PROVISIONS OF GOG - OCEANIC CONTRACT REVISED, IT HAS FAILED THUS FAR TO MAKE SPECIFIC PROPOSALS. HE ADDED THAT OCEANIC'S PRESIDENT JACK GRYNBERG ACCOMPANID BY REPRESENTATIVES OTHER FIRMS COMPOSING OCEANIC EXPLORATION GROUP EXPECTED VISIT ATHENS THIS MONTH TO NEGOTIATE NEW CONTRACT WITH GOG. DATE OF RESUMPTION OF DRILLING OPERATIONS AT THASSON TO DETERMINE SIZE OIL RESERVES STILL UNCERTAIN AND WILL DEPEND ON OUTCOME FOREGOING NEGOTIATIONS.  
STEARNS

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INDUSTRIAL DEVELOPMENT, ENERGY, POLICIES, PETROLEUM, DEVELOPMENT PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ATHENS00210  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750010-0585  
**From:** ATHENS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750164/aaaacdqu.tel  
**Line Count:** 135  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 ATHENS 9010  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUN 2003 by ElyME>; APPROVED <02 JUN 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INDUSTRY MINISTER COMMENTS ON GOG POLICY ON ENERGY MATTERS  
**TAGS:** ENRG, GR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006